

EXHIBIT C

Co-op City Accuses a Law Firm of Extortion

By JOHN W. FOUNTAIN JULY 8, 2000

Lawyers for the owner of the giant Co-op City apartment complex in the Bronx have filed a complaint against a Long Island law firm, saying the firm is trying to extort \$7.5 million to help make a potential discrimination suit by employees and residents go away.

But a lawyer for the Long Island firm said that the firm was merely negotiating and had done nothing wrong. The complaint, the firm says, is itself a tactic meant to intimidate it into not filing the lawsuit.

Eric M. Freedman, a professor at Hofstra University Law School, said, "It's not at all unusual to accuse your adversary of something unethical." But the state panel that considers such complaints is usually reluctant to take disciplinary action without a ruling by a judge that the litigation is frivolous, he said, making the likelihood of discipline at this stage "extremely low."

The complaint was filed late Thursday with the New York State Grievance Committee of the 10th Judicial District. A copy was provided to The New York Times by a public relations firm representing Riverbay, the Co-op City owner.

The complaint says that Leeds, Morelli & Brown, the law firm representing the employees and residents, used "strong-arm tactics" to try to get Riverbay to pay the fees. It goes on to say that the firm threatened to sue Riverbay on behalf of tenants and employees, claiming racial, sexual and other discrimination. Then, the complaint continues, the firm said that if Riverbay hired it, it would seek to have the dispute resolved by an arbitrator rather than go through the embarrassing prospect of a trial in open court.

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The complaint says that Leeds Morelli, which is based in Carle Place, N.Y., tried to "extract a clearly improper and excessive fee" by also threatening "media involvement," saying that the television news programs "60 Minutes" and "20/20" were investigating the case.

But Jeffrey K. Brown, a partner in the law firm, denied the allegations. He said that after more than 100 people who live or work in Co-op City contacted Leeds Morelli, they in turn contacted Riverbay and arranged a

meeting. At that session, 10 people described racial harassment, intimidation and hazardous work conditions.

Any discussions about money, Mr. Brown said, were part of settlement negotiations, which he said would also have included his clients' legal fees. "That's all that was going on: negotiations," he said. "A lot of these things are not true. It's borderline defamation."

Mr. Brown charged that Riverbay's complaint, filed by the Manhattan law firm of Gentile, Brotman & Benjamin, was an effort to thwart the discrimination suit after negotiations broke down. "Clearly, we view this as an attempt to shake us up and to prevent us from going forward," he said. "But their attempt is not going to be successful."

Michael A. Gentile, who served as chief counsel for the Departmental Disciplinary Committee of the New York State Supreme Court from 1980 to 1989, wrote that Leeds Morelli was engaging in "a pattern of egregious and extortionate attorney misconduct the likes of which I have not seen in my 20 years of prosecuting and defending lawyers."

Included in the grievance is a copy of a Jan. 3 letter from Leeds Morelli to Riverbay alleging "a pattern of discriminatory employment practices and activities occurring throughout Riverbay." According to the complaint, the workers and residents asked Leeds Morelli to "seek the commencement of Congressional and state legislative investigations" into alleged civil rights violations.

In a more detailed letter in February, Leeds Morelli lawyers described "systematic and continuous blatant racism, sexism and retaliation within the Riverbay Corporation," along with housing, occupational, racial and religious discrimination.

In one instance, according to the letter, male workers gave a female worker in the auto service department pornographic pictures. Lawyers also say that black and Hispanic applicants for housing have been passed over in favor of whites in certain areas.

Rueben Clarke, 52, who lives in Co-op City and until last year worked at Riverbay, said yesterday that he was threatened by white co-workers who spit on his desk and office door and smeared feces on his car. He said they also put newspaper clippings on his door about a black man dragged to his death in Texas, with a note saying he could be next.

"When I complained to the Riverbay supervisor, he actually laughed at me," Mr. Clarke said.

Co-op City was built in 1968 under the state's Mitchell-Lama program. With 15,374 residential units and more than 60,000 residents, it occupies more than 300 acres between Interstate 95 and the Hutchinson River Parkway, the site of the former Freedomland amusement park.

The housing complex has been plagued by a long history of financial problems, poor management and construction defects. In the hope of cutting costs and making improvements, the board last year hired Marion Scott Real Estate of Manhattan to manage Co-op City, the first time that an outside management firm has been used.

About three weeks ago, the Riverbay board agreed unanimously to file the grievance against the Long Island firm, Marion Scott said. "They also thought that rather than be held hostage by anyone, that we should make our own pre-emptive strike and bring this forward to the public."

Mr. Scott said that Riverbay and its lawyers had so far reviewed a "cross-section" of nine complaints sent to them by the Long Island law firm.

"Some of them seem to have some merit, and we're looking to that," Mr. Scott said.

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